THE OHIO STATE UNIVERSITY

IMPACT REVIEW REPORT

POTENTIAL FINANCIAL IMPACT
OF USG RESOLUTION ON FOSSIL FUEL DIVESTMENT

OFFICE OF BUSINESS AND FINANCE

NOVEMBER 2018

EXECUTIVE SUMMARY

On Nov. 29, 2017, the Undergraduate Student Government adopted Resolution 50-R-24, which calls on the university's Office of Investments to "divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index."

University policy establishes a process for considering divestment proposals for non-economic reasons. The Office of Business and Finance is required to prepare a financial impact report to inform the Board of Trustees, which in turn will decide on a response to the proposal.

The advocacy group Fossil Free says 894 institutions worldwide, including 42 U.S. educational institutions, had taken some kind of divestment action as of July 2018. These reflect a variety of policies — from commitments to action — that target various companies, ranging from coal companies to ones with broader holdings. There does not appear to be an authoritative accounting of institutions that have declined divestment requests.

Ohio State and our third-party investment managers already adjust the university's portfolio based on economic reasons, including the factors affecting particular industries. For example, the university ceased making new investments in oil and gas exploration and production three years ago and ramped up a $60 million investment in sustainable energy projects.

A shift toward making investment decisions for non-economic reasons would be a broad departure from our current investment strategy.

The university's financial analysis shows that the USG proposal would have implications far beyond the "fossil fuel" companies identified in Resolution 50-R-24. About 80 percent of the university's holdings in public equities are invested through co-managed funds or broad market indices. The university does not determine the particular stocks within these funds or indices.

To exclude particular companies or sectors from the portfolio would therefore require the university to choose an alternative investment strategy in which Ohio State either micromanages individual holdings or selects broader funds that exclude certain companies or sectors. These options pose the following risks to the performance of the Long-Term Investment Pool.

- Ohio State would be excluded from some high-performing funds that have supported the university's investment strategy.
- Our investment pool would be less diverse, and therefore more susceptible to market fluctuations.
- The university would likely incur higher management fees to obtain more control over individual investments within our portfolio.

The Long-Term Investment Pool exists to support the university's academic mission, so any weakening of performance would reduce the resources available for priorities such as student scholarships and faculty positions.

The university typically budgets an 8 percent annual return, net of management fees, based on the performance of the portfolio since the establishment of the Office of Investments. If the LTIP's performance declined to 7 percent annually, the university would lose out on more than $690 million in growth over a decade. That equates to $30.5 million less per year in distributions that would be available to support university priorities.

It is impossible to forecast how divestment would affect Ohio State's portfolio given that the university already responds to economic factors that affect the performance of different industries, "fossil fuel divestment" has a relatively short history and there is wide variation in how other institutions have addressed these issues.

One of the broadest studies of non-economic divestment — across a variety of issues — involves the California Public Employees' Retirement System, the largest public pension fund in the United States. CalPERS determined that six divestment actions since 1998 (none of which targeted fossil fuels) cost that portfolio about $8 billion through Dec. 31, 2014. In light of the study, CalPERS is rethinking its approach to divestment.

Research suggests that divestment in fossil fuels might have a symbolic impact but is unlikely to produce environmental benefits.

"Divestment campaigns, considered on their own, have not been especially effective as a means of significantly reducing CO2 emissions, and they are not likely to become more effective over time," wrote Tyler Hansen and Robert Pollin of the Political Economy Research Institute at the University of Massachusetts Amherst.

Taken together, these findings lead to the following conclusions about the potential fiscal impact of the USG divestment proposal on Ohio State's investments:

- Divestment for non-economic reasons would require a broad shift in our investment strategy that could depress our performance and/or increase management costs.
- Over a decade, missing our 8 percent performance target by 1 percentage point would cost the university $30 million in annual support for student scholarships, faculty positions and other academic priorities.
- Divestment actions are unlikely to provide environmental benefits.

Recommendation: Ohio State should continue our current investment strategy, which allows the university to respond to economic trends in the energy sector and sustainability. For example, the university has already ceased new investments in oil and gas exploration and ramped up investments in sustainable energy projects. The USG proposal should be declined.

Note: This analysis focuses on how the USG proposal would affect the Long-Term Investment Pool.

With more than 500 Ohio State researchers and nearly 100 student organizations focused on sustainability and/or energy use, a divestment decision could have implications for many other areas of the university. Likewise, our approach to this issue could affect support from donors and research sponsors.

TABLE OF CONTENTS

IMPACT REVIEW REPORT – FOSSIL FUEL DIVESTMENT

THE USG RESOLUTION

On Nov. 29, 2017, the Undergraduate Student Government adopted a Resolution 50-R-24, which concluded:

- Therefore, Let it Be Resolved that The Ohio State University Undergraduate Student Government asks The Ohio State University administration and the Office of Investments to divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index, and
- Let it Further Be Resolved that the Undergraduate Student Government encourages The Ohio State University to invest in corporations not immediately complicit in the destruction of our environment via involvement in fossil fuel extraction, production, and transfer.

The university's investment policy (5.90) establishes the university's fiduciary responsibility as well as a process for considering divestment requests for non-economic reasons:

- **Section II J2:** "To meet its fiduciary responsibility to its academic programs and its donors, the university seeks to maximize its investment returns within appropriate levels of risk under guidelines established by the Board of Trustees as granted by the Ohio Revised Code. As a public institution, the university also recognizes a duty to support larger societal objectives as well."
- **Section II J3:** "Divestment for non-economic reasons should be recommended through the governance process, i.e. student government, University Senate, or an appropriate committee or decision-making body. That recommendation must be brought forward for a vote by the Board of Trustees, accompanied by an impact review report from the senior vice president for business and finance regarding the potential impact of the proposed divestment on the LTIP.

The Office of Business and Finance has produced this impact report to inform the Board of Trustees' discussion of this topic.

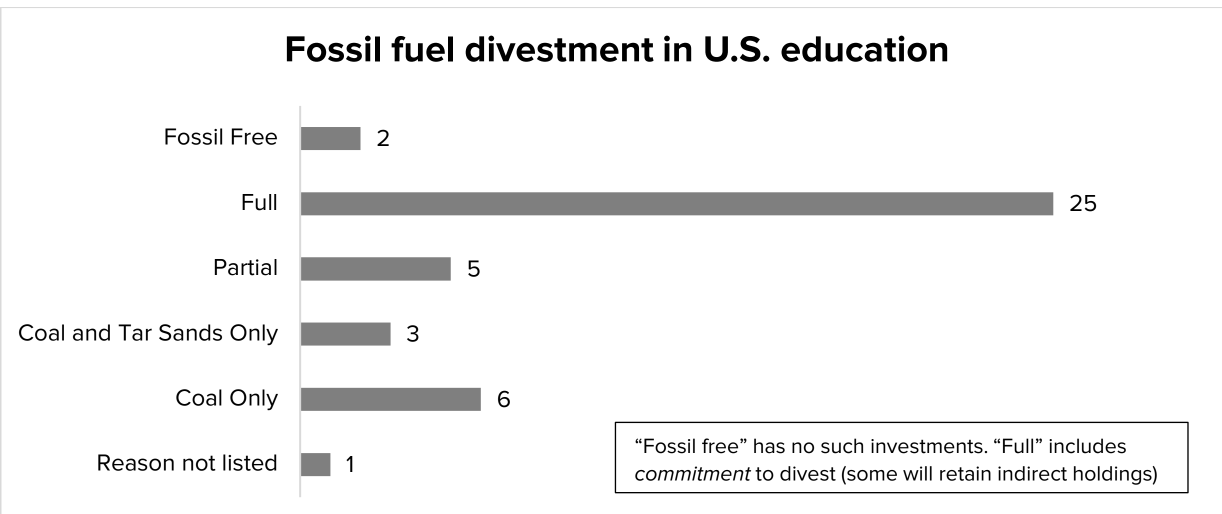
FOSSIL FREE DIVESTMENT

The USG resolution calls on the university to divest "the top 200 fossil fuel companies" (as reported the advocacy group Fossil Free[1], plus two companies — Duke Energy and Energy Transfer Partners.

Fossil Free supports divestment campaigns in communities worldwide. The group compiles its Carbon Underground 200 list based on the following definition: "the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their reported reserves."[2]

There are about 7,000 colleges and universities in the United States. Fossil Free says 42 U.S. educational institutions are among 894 institutions (in all industry sectors) worldwide that had taken some kind of divestment action as of July 5, 2018. Most of the schools listed are small, private and/or have made targeted divestment decisions.

In many cases, educational institutions have developed policies that distinguish between *direct* investments (in which they hold ownership in a stock) vs. *indirect* investments through funds or indexes. These divestment actions also vary in how they define the type of investments that are acceptable.



The University of Maryland is the only Big Ten school listed. In 2017, Maryland announced that it would not directly invest in Carbon Underground 200 companies and would encourage third-party managers to make sustainable investments. At the time, Maryland did not directly hold any stocks from the Carbon Underground 200 list.

The University of Dayton, a private Catholic school, is the only Ohio university on the Fossil Free list.

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[1] https://gofossilfree.org/divestment/commitments/
[2] https://gofossilfree.org/top-200/

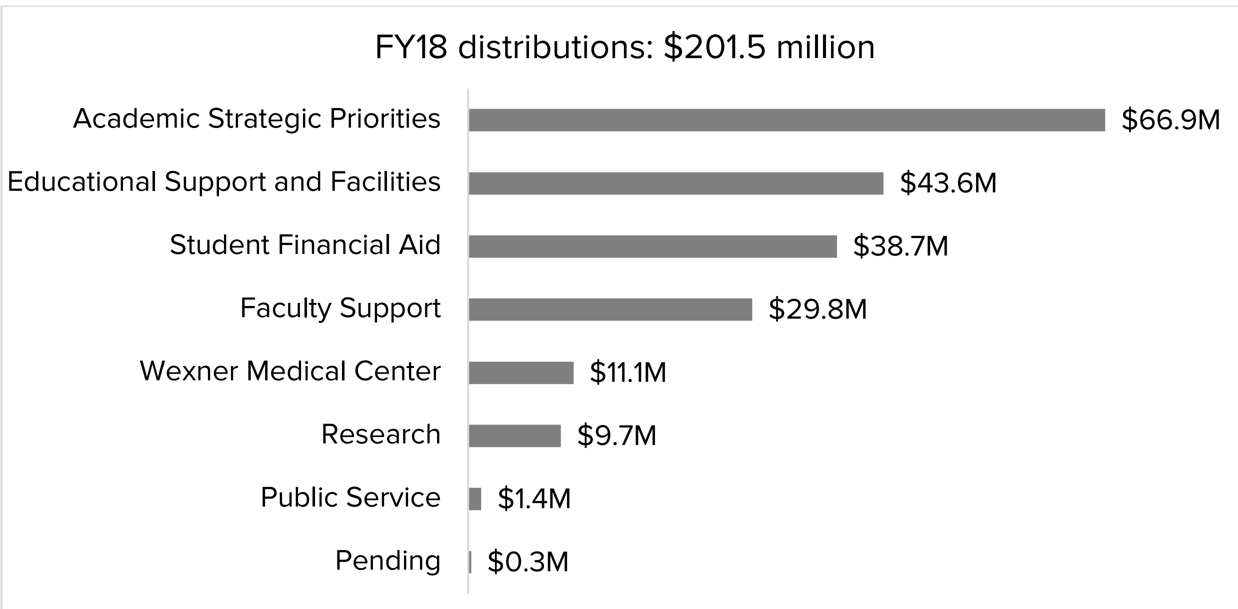
THE LONG-TERM INVESTMENT POOL

Ohio State utilizes our Long-Term Investment Pool (LTIP) to provide ongoing, stable support for our mission as a national flagship public research university.

The LTIP contains thousands of endowments funded by private gifts, strategic investments by the university, and strategic savings that protect the financial health of the university and Wexner Medical Center.

The LTIP had a market value of $5.2 billion as of June 30, 2018.

The university makes distributions each year to support student financial aid, faculty positions, research and the other priorities reflected in our endowments. These distributions totaled $201.5 million in fiscal 2018. The university distributes funds based on 4.5 percent of the 7-year rolling average of the market value per share.



The university has few examples of divestment for non-economic reasons. Ohio State has previously divested from investments in South Africa (1985) and the Sudan (2008) based on human rights concerns. Other than those exceptions, the university has followed an investment strategy that prioritizes generating returns to benefit the academic mission.

The USG resolution related to fossil fuels is the first divestment initiative to be approved through the campus governance system in recent years.

FINANCIAL IMPLICATIONS OF THE USG PROPOSAL

Although the USG resolution is focused on "fossil fuel" investments, it would prompt a much broader change to the way Ohio State manages the Long-Term Investment Pool.

The Office of Investments establishes the university's overall investment strategy — including the asset allocation mix and tactics to mitigate downside risk — and selects fund managers with proven records of success. The university does not pick individual stocks in which to invest. Instead, these outside fund managers make decisions about individual investments based on their financial assessments and strategies.

This practice, which is common among large endowments, allows the university's Office of Investments to focus on broad growth and risk-mitigation strategies for the LTIP while relying on outside experts to implement those strategies on a daily basis.

As of June 30, 2018, $2.3 billion of the LTIP was invested in public equities, representing 43.9 percent of the LTIP's total market value.

The USG resolution, if adopted, would require the university not only to divest from the named companies — it would require the university to exit the vast majority of our current public equity investments. That is because about 80 percent of these investments are either in "co-mingled" funds — where there are multiple investors participating — or in broad public indexes such as the S&P 500. In both cases, Ohio State could not dictate the selection of stocks.

The S&P 500, Russell 2000 and ACWI all include companies that are part of the Carbon Underground 200 list, representing 0.75% to 5.74% of those indices. Ohio State does not reveal specifics of our holdings to protect our competitive position, but the university's public equities fall within a similar range for Carbon Underground stocks.

There are "fossil free" indexes available that exclude companies based on various definitions. These funds, by definition, are narrower than the broad indexes and would therefore limit the university's ability to diversify our investments to fully maximize returns and reduce volatility.

There is conflicting research about the economic benefits and risks of eliminating "fossil fuel" stocks from an investment portfolio.

A March 2017 study by NEPC[3] reported that comparisons between the ACWI index and an ACWI index that excludes fossil fuel stocks is "largely dependent on changes in oil prices." The study notes that a sharp decline in oil prices since June 2014 has resulted in stronger performance for the fossil free index in recent years.

The NEPC report cautions that "future performance may be different than the last five years and the time period analyzed is relatively short." Over a longer span, the energy sector has outperformed the broader market for some periods and underperformed in other periods.

[3] http://www.nepc.com/insights/fossil-fuel-divestment-considerations-for-institutional-portfolios

Notably, a discussion of the financial pros and cons of investing in this sector of the economy does not inform the university's consideration of the USG proposal because it would base a divestment decision on non-economic reasons.

Under the university's current investment policy and strategy, Ohio State adjusts our investment strategies based on economic trends and the relative strengths of different sectors over time. Therefore, the financial performance of this sector is already part of the university's investment approach.

For example, the university ceased making new investments in oil and gas exploration and production three years ago and ramped up a $60 million investment in sustainable energy projects. Ohio State continues to pursue other investments in renewable energy or other sustainable projects.

The university's long-standing investment strategy is designed to maximize the performance of the LTIP to support Ohio State's core academic mission. Strong, steady growth generates support for teaching, learning and research. If the university were to narrow the scope of acceptable investments based on non-economic factors, the university could harm the performance of the LTIP and thereby reduce the funds available for these academic priorities.

The university typically budgets an 8 percent annual return, net of management fees, based on the performance of the portfolio since the establishment of the Office of Investments. If the LTIP's performance declined to 7 percent annually, the university would lose out on more than $690 million in growth over a decade. That equates to $30.5 million less per year in distributions that would be available to support university priorities.

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One of the broadest studies of non-economic divestment — across a variety of issues — involves the California Public Employees' Retirement System, the largest public pension fund in the United States. CalPERS determined that six divestment actions since 1998 (none of which targeted fossil fuels) cost that portfolio about $8 billion through Dec. 31, 2014. In light of the study, CalPERS is rethinking its approach to divestment.

OTHER CONSIDERATIONS

Ohio State's investment pool is, of course, not the primary expression of the university's purpose and mission.

As a leading national public research institution, the university has academic programs that involve students, faculty and researchers in a broad array of fields, including ones related to energy use and sustainability.

More than 500 Ohio State researchers explore subjects such as cleaner energy sources, innovations to feed a growing population, and solving other sustainability challenges, locally and globally. In addition, nearly 100 student organizations focus on and conduct sustainability activities.

A divestment decision could potentially affect students and faculty in those fields by sparking reactions from companies that provide career opportunities, fund student support programs and contribute to the university. For example, a corporate supporter told the University of Cincinnati in 2016[4] that a divestment proposal there would send the message that "We are not welcome on campus." Of course, a divestment decision could also attract increased support from people or organizations that would view the policy positively.

Likewise, it is impossible to know whether a divestment decision would have any impact — positive or negative — on donors' willingness to contribute to Ohio State. About $2 billion of the LTIP's market value are in gifted endowments — those originally funded by donors — and there is no clear indication of how these stakeholders would weigh the idea of limiting the investment strategy based on non-economic factors.

In terms of environmental impact, a study[5] by researchers at the Political Economy Research Institute at the University of Massachusetts Amherst found that divestment actions are unlikely to affect the targeted companies or produce environmental benefits.

"Divestment campaigns, considered on their own, have not been especially effective as a means of significantly reducing CO2 emissions, and they are not likely to become more effective over time," wrote researchers Tyler Hansen and Robert Pollin.

Through a regression analysis, Hansen and Pollin attempted to determine the effects of divestment actions on the targeted companies. They found that divestment simply shifts ownership of company shares but is "strongly insignificant" in terms of the targeted companies' share prices.

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[4] https://www.citybeat.com/news/article/13000155/divesting-debate
[5] https://www.peri.umass.edu/publication/item/download/776_f2ebdf4d75d893485f5840ba8a28d53c

50-R-24

A Resolution to Remove Investments from Top 200 Fossil Fuel Corporations, Energy Transfer Partners, and Duke Energy

Savannah Sockwell (for herself, Vikas Munjal, Kinza Sami, Farhan Quadri, Nate Smith, Safiyo Mohamud, Em Meersman, Shukri Ahmed, Halima Mohamed, and Alexis McKenzie) introduced the following legislation to the Steering Committee, where it passed.

* * *

Whereas the Undergraduate Student Government represents all undergraduate students at The Ohio State University, and

Whereas The Ohio State University prides itself, according to the Ohio State Sustainability Goals, for being "a recognized leader in developing durable solutions to the pressing challenges of sustainability, and in evolving a culture of sustainability through collaborative teaching, pioneering research, comprehensive outreach, and innovative operations, practices, and policies"[1] and

Whereas The Ohio State University seeks to achieve carbon neutrality by 2050 per the American College and University Presidents Climate Commitment, and reduce carbon footprint of university fleet by 25% by 2025,[2] and

Whereas it is counterproductive for the University to invest in businesses that are destroying the environment that students and faculty are committed to conserving, and

Whereas The Ohio State University is currently invested in companies that do not align with the values and goals indicated in the Sustainability Goals, companies that are accelerating climate change by virtue of the extraction, production, and transfer of fossil fuels, such as many of the top-200 carbon-emitting companies as listed by the Fossil Free Index,[3] Energy Transfer Partners (ETP), and Duke Energy, and

Whereas we must align our investments with our values, and

Whereas Energy Transfer Partners is responsible for the construction of the Rover Pipeline through Ohio which has already spilled millions of gallons of drilling fluids into Ohio wetlands and is being sued by the State of Ohio as of early November,[4] and is also

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[1] https://www.osu.edu/SustGoals%20FINAL%20updated%20030817.pdf
[2] http://reporting.secondnature.org/institution/detail!3097/##3097
[3] http://fossilfreeindexes.com/2017/10/26/ffi-the-carbon-underground-200-2017/
[4] https://www.pbs.org/newshour/nation/two-weeks-rover-pipeline-leaked-drilling-fluid-ohio-wetlands

responsible for the construction of the Dakota Access Pipeline which has been the subject of mass protest due to its threat to Standing Rock Sioux Tribe sacred land and water, and

Whereas Duke Energy has a 40 percent ownership stake in the Atlantic Coast Pipeline,[5] and since 2010 has spilled 12.8 billion cubic feet of natural gas in almost 700 incidents of leakage, leading to natural habitat destruction[6] while exacerbating the dangers of climate change, and

Whereas the effects of climate change manifest unevenly, and working class communities, communities of color, and communities in the Global South are disproportionately affected by fossil fuel extraction and the resulting changes of the natural environment, and

Whereas among these effects are severe health issues, drought and/or lack of access to clean water, disruptions in natural agricultural and ecological cycles, and devastating natural disasters, and

Whereas these effects present these communities with hardships affecting social and cultural relations, health, financial stability, and survival, and

Whereas furthermore, these disenfranchised communities have historically been excluded from global processes to address environmental destruction,[7] and

Whereas investment in the fossil fuel industry is equated to complicity in the destruction of the environment, and its catastrophic social, cultural, political, and existential effects, and

Whereas other public land-grant universities such as the University of Massachusetts at Amherst[8] and universities in Ohio such as the University of Dayton[9] have divested from fossil fuels, and 40 Catholic Institutions have vowed to lead the largest faith-based divestment from the fossil fuel industry,[10] contributing to the global divestment movement already worth over $5.5 trillion,[11] and

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5 http://www.sooga.org/uploads/2015-11-12%20Insider.pdf

6 http://www.hcn.org/articles/natural-gas-pipeline-incidents-scary-exacerbate-climate-change-methane

7 http://www.indiaresource.org/issues/energycc/2003/baliprinciples.html

8 https://www.umass.edu/newsoffice/article/umass-becomes-first-major-public

9 https://udayton.edu/news/articles/2014/06/dayton_divests_fossil_fuels.php

10 https://www.theguardian.com/environment/2017/oct/03/catholic-church-to-make-record-divestment-from-fossil-fuels

11 https://www.theguardian.com/environment/2016/dec/12/fossil-fuel-divestment-funds-double-5tn-in-a-year

Whereas The Ohio State University has the 25th largest endowment of any university in North America,[12] and is positioned to set trends for how universities invest their money, and would thus encourage other institutions across the country to divest from fossil fuels, and

Whereas divestment from fossil fuel corporations is financially sensible, as portfolios free of fossil fuel investments have been shown to outperform those with assets in coal, oil, and gas companies,[13] and

Whereas the financial activities of the Office of Investments are neither transparent nor accountable to the student body, and thus students can only speculate as to which business interests OSU currently holds;

Therefore, Let it Be Resolved that The Ohio State University Undergraduate Student Government asks The Ohio State University administration and the Office of Investments to divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index,[14] and

Let it Further Be Resolved that the Undergraduate Student Government encourages The Ohio State University to invest in corporations not immediately complicit in the destruction of our environment via involvement in fossil fuel extraction, production, and transfer.

Floor Vote: Passed

Andrew Jackson
President

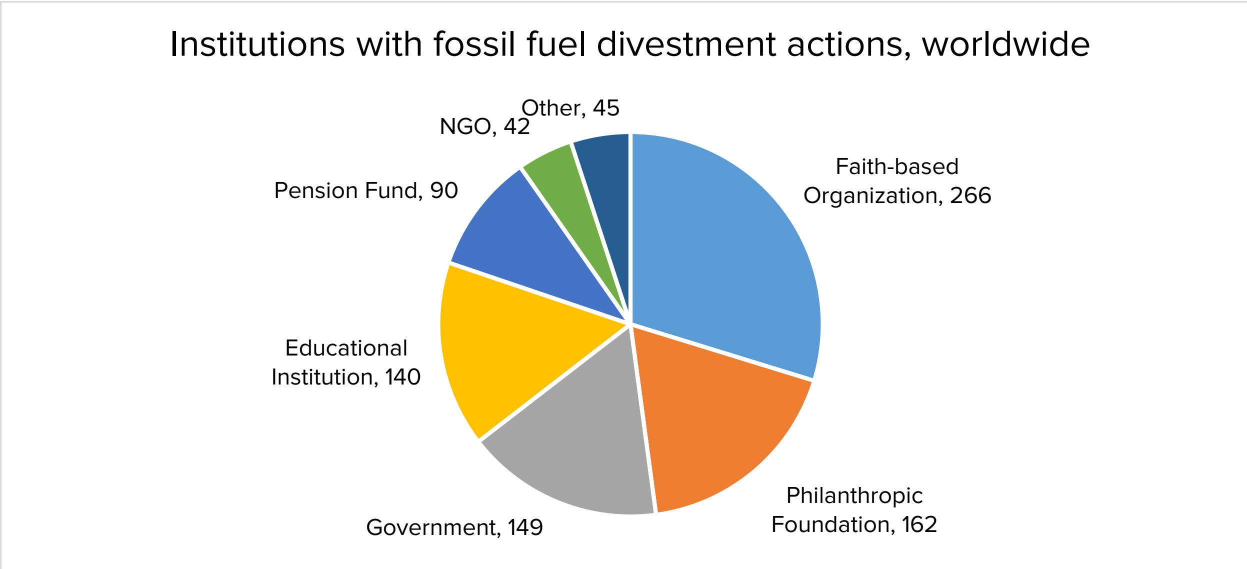
Sophie Chang
Vice President

Date Adopted: November 29, 2017

Date Terminated: _______________

[12] http://www.nacubo.org/Documents/EndowmentFiles/2016-Endowment-Market-Values.pdf
[13] https://www.theguardian.com/environment/2015/apr/10/fossil-fuel-free-funds-out-performed-conventional-ones-analysis-shows
[14] http://fossilfreeindexes.com/fossil-free-indexes-us/

The advocacy group Fossil Free promotes fossil fuel divestment and tracks institutions that have participated. As of July 5, 2018, the group listed 894 institutions that had committed or acted on some kind of fossil fuel divestment. Nearly half were faith-based or philanthropic organizations.



How Fossil Free defines different kinds of divestment actions:

- **Fossil Free**: An institution or corporation that does not have any investments (direct ownership, shares, commingled mutual funds containing shares, corporate bonds) in fossil fuel companies (coal, oil, natural gas) and especially, those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves" and committed to avoid any fossil fuel investments in the future
- **Full:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any fossil fuel company (coal, oil, natural gas) and especially, those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves."
- **Partial:** An institution or corporation that made a binding commitment to divest across asset classes from some fossil fuel companies (coal, oil, natural gas), and especially those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves", or to divest from all fossil fuel companies (coal, oil, natural gas), and especially those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves", but only in specific asset classes (e.g. direct investments, domestic equity)
- **Coal and Tar Sands:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any coal and tar sands companies.
- **Coal only:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any coal companies.

CASE STUDIES (Market value as of June 30, 2017[6])

Beyond the Fossil Free database, there does not appear to be a publicly available dataset about divestment decisions. The following case studies provide examples of some other institutions of note.

- **University of California** ($9.8B) – Has sold off coal and oil sands investments and increased investments in renewable energy; the university has declined any blanket divestment. In June 2017[7], the university stated, “It is our intention to shift our holdings to cleaner energy investments over time based on market trends and opportunities rather than to give ourselves an arbitrary deadline that might put our financial stakeholders at risk. By doing so, we hope to strike a harmonious balance between our commitment to clean energy and our fiduciary responsibility to our endowment and our retirees.”

- **University of Maryland** ($1.1B) – Listed as fully divested. In August 2017[8], Maryland announced that it had made no direct investments in Carbon Underground 200 companies and had stated a preference to investment managers for “investments in renewable energy over fossil fuel, all else being equal.”

- **University of Massachusetts** ($819M) — Listed as fully divested. In May 2016[9], Massachusetts announced that it was the first major public university to divest from direct holdings in fossil fuels.

- **University of Michigan** ($10.9B) — Decided against fossil fuel divestment policy. In December 2015[10], Michigan’s president stated, “At this moment, there is no viable alternative to fossil fuels at the necessary scale. In addition, most of the same companies that extract or use fossil fuels are also investing heavily in a transition to natural gas or renewables, in response to market forces and regulatory activity. I do not believe that a persuasive argument has been made that divestment by the U-M will speed up the necessary transition from coal to renewable or less polluting sources of energy.”

- **New York City Retirement Systems** ($182.3B) **—** Study underway after commitment to divest. In January 2018[11], The New York mayor and other leaders declared that all five city employee pension plans would divest from fossil fuel reserve owners within five years. In April[12], the city began work to develop a Request for Proposals to conduct a study of divestment for three of the funds (representing civilian employees, teachers and the

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[6] https://www.nacubo.org/Research/2009/Public-NCSE-Tables

[7] https://www.ucop.edu/investment-office/sustainable-investment/statement-on-fossil-fuels-climate-change-and-ucs-investment-strategy.html

[8] http://www.usmf.org/files/resources/statement-from-the-ad-hoc-committee-for-socially-r.pdf

[9] https://www.umass.edu/newsoffice/article/umass-becomes-first-major-public

[10] https://president.umich.edu/news-communications/on-the-agenda/addressing-climate-change-as-a-powerful-community/

[11] https://comptroller.nyc.gov/newsroom/climate-action-mayor-comptroller-trustees-announce-first-in-the-nation-goal-to-divest-from-fossil-fuels/

[12] https://comptroller.nyc.gov/newsroom/mayor-de-blasio-comptroller-stringer-pension-fund-trustees-launch-next-step-in-comprehensive-effort-to-divest-from-fossil-fuels/

board of education). Two others (representing police and fire) oppose divestment and are not taking part.

- **Stanford University** ($24.8B) — Listed as divested from coal; declined further divestment. In April 2016[13], Stanford's board of trustees issued a statement saying, "We believe the long-term solution is for all of us to reduce our consumption of fossil fuel resources and develop effective alternatives. Because achieving these goals will take time, and given how integral oil and gas are to the global economy, the trustees do not believe that a credible case can be made for divesting from the fossil fuel industry until there are competitive and readily available alternatives. Stanford will remain a leader in developing such alternatives."

[13] https://news.stanford.edu/2016/04/25/stanford-climate-change-statement-board-trustees/

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

Responsible Office — Office of Business and Finance

POLICY

Issued: 08/30/2013
Revised: 07/01/2016

Standards and disciplines adopted so that the Board of Trustees and its Finance Committee can effectively evaluate the performance and operations of the investment portfolios.

Purpose of the Policy

To establish the overall goals, management responsibilities, investment strategies and discipline for the investment portfolios of The Ohio State University (university). This Investment Policy is intended to permit sufficient flexibility to capture investment opportunities, yet provide parameters that ensure prudence and care in the execution of the investment program.

Policy Details

I. Background
The Long-Term Investment Pool (LTIP) was established to provide financial support for the long-term use and benefit of the university in support of its mission. The goal is to manage LTIP assets with prudence and discipline to achieve that purpose. The LTIP will be invested using a total return objective to meet its goals. Funds in the LTIP will be invested in a manner that over the long term will preserve and maintain the real purchasing power of the principal while allowing for an annual distribution as described below.

II. Policy
   A. Components of the long-term investment pool
      1. The LTIP consists of endowments, quasi-endowments, term endowments and those funds held for the benefit of others.
      2. Endowment funds are funds received from donors or other sources with a restriction that the original principal is not expendable, and distributed income is to be used as prescribed.
      3. Quasi-endowment funds are funds in which the principal can be spent at the discretion of the university's Board of Trustees. Quasi-endowment funds may include funds derived from sources described in Ohio Revised Code Section 3345.05, including tuition. Quasi- endowment funds also may include operating funds of the university available for long- term investment, as described below in Sections E(3) (Asset Allocation and Rebalancing) and G (Operating Fund Limitations) under Operating and Agency Funds Portfolio.
      4. Term endowment funds are funds for which there is a stipulation that the principal may be expended after a stated period of time or upon the occurrence of a certain event.
   B. Fiduciary standards
      1. The Board of Trustees, Finance Committee members, staff, investment managers, consultants and custodians are fiduciaries. Accordingly, these individuals are required to:
         a. Act solely in the interest of the university, for the purposes of providing income and maintaining the real purchasing power of the principal.
         b. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

   c. Diversify the investments of the LTIP to minimize overall risk, and to provide investment returns to achieve the LTIP's stated goals.

C. Duties and responsibilities
   1. Board of Trustees. The university Board of Trustees has overall responsibility for this LTIP Investment Policy and approval of Finance Committee members. The Board of Trustees votes on items brought forth by the Finance Committee.
   2. Finance Committee of the Board of Trustees. The Finance Committee has strategic oversight responsibility for the investment program and operations of the LTIP. The committee must work with the senior vice president for business and finance and the chief investment officer to ensure the LTIP is well managed, in accordance with this LTIP Investment Policy. The Finance Committee must meet at least quarterly.
   3. Senior vice president for business and finance. The senior vice president for business and finance has oversight responsibility for the LTIP's investment operations and reporting. The senior vice president for business and finance must review operations and reporting within the Office of Investments to ensure compliance with established policies and procedures.
   4. Chief investment officer. The chief investment officer is responsible for managing the LTIP's investment operations and reporting. The chief investment officer must review and recommend policies and procedures that are consistent with the investment objectives of the LTIP. The chief investment officer must report to the senior vice president for business and finance and the Finance Committee, at least quarterly.
   5. Investment Managers. The university uses external investment managers approved by the chief investment officer and senior vice president for business and finance to provide portfolio management services. The investment managers may be given discretion, consistent with specified objectives and guidelines, to manage LTIP assets. Investment managers operate under a formal contract with the university that delineates responsibilities, risk parameters, administration requirements and compensation. The investment management contracts may be terminated by the chief investment officer and/or the senior vice president for business and finance.
   6. Consultants. The university may use the services of one or more investment consultants to assist the chief investment officer in the areas of: policy development, asset allocation, investment structure analysis, investment manager selection, performance review and other specialized investment topics. Consultants operate under a formal contract with the university that delineates responsibilities, risk parameters and performance expectations, administration requirements and compensation. Consulting contracts may be entered into and terminated by the chief investment officer and/or the senior vice president for business and finance.
   7. Custodians. The university retains one or more custodian banks or trust institutions to custody and report on the assets of the LTIP. Custodial contracts may be entered into and terminated by the chief investment officer and/or the senior vice president for business and finance.

D. Distribution policy
   1. Each component fund of the LTIP has a separate distribution account. Distributions will be credited to a fund's distribution account at the beginning of each fiscal year according to a formula approved by the Board of Trustees as follows:
      a. The aggregate distribution amount is calculated on a seven-year moving average of the market value per unit of the LTIP, except as set forth in Section H below.
      b. The distribution rate is 4.5%.
   2. Distributions may be reinvested into principal; however, any reinvested distribution cannot be redistributed or withdrawn at another time except as stated above.

E. Asset allocation and guidelines

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

1. Time Horizon. The LTIP's investment horizon is perpetual; therefore interim performance fluctuations should be viewed with this perspective. Similarly, the underlying capital market assumptions of the university's asset allocation plan for the LTIP are based on this long-term perspective.
2. Risk Tolerance. The Board of Trustees, the Finance Committee, and staff recognize the challenge of achieving the LTIP's investment objectives in light of the uncertainties and complexities of investment markets. They also recognize that prudent levels of investment risk are necessary to achieve the stated investment goals.
3. Asset Allocation and Rebalancing. Asset allocation is thought to be the largest contributor to overall LTIP return performance and risk characteristics. The Finance Committee and the Board of Trustees will periodically evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan. After a thorough study of the available asset class opportunities, return objectives and risk tolerance, the Board of Trustees and Finance Committee approved the following asset classes and allocations for the LTIP:

Asset Class	Range
Global Equities	40-80%
Global Credit	10-50%
Real Assets	5-20%

4. Futures, options, forward contracts, and swap agreements may be used in a manner that is consistent with the policies and objectives contained within this LTIP Investment Policy. Such instruments should be used to hedge risk in the LTIP portfolio or to implement investment strategies more efficiently and at a lower cost than would be possible in the cash market. Such instruments should not be used for purely speculative purposes.
   a. Investment manager guidelines. The investment guidelines incorporated into each manager's contract documents the risk parameters of the manager's investment approach. The guidelines also specify the typical characteristics of the portfolio. These characteristics are used to monitor a manager's investment style adherence to insure that the manager is continuously fulfilling its investment role in the LTIP.
   b. Benchmarks. The Board of Trustees is responsible for approving performance benchmarks to evaluate the performance of the LTIP portfolio. The chief investment officer will review the benchmarks annually and recommend changes, if any, to the senior vice president for business and finance. Based on such recommendations by the chief investment officer, the senior vice president for business and finance may recommend to the Finance Committee changes to the benchmarks. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

F. Investment monitoring process

1. The LTIP's investment managers and consultants will be monitored for consistency of investment philosophy, return relative to objectives, and investment risk. The Office of Investments will monitor the overall LTIP results and investment portfolios, but results will be evaluated on a long-term basis. The following manager issues will be considered potential causes for termination by the chief investment officer:
   a. Failure to comply with the applicable investment style, guidelines, performance objectives, and fees;
   b. A material change in ownership or personnel; or
   c. A violation or potential violation of the terms of the investment manager agreement or other applicable laws and regulations.

G. Account valuation

1. LTIP funds invested in the LTIP are allocated a number of units. At the end of each month LTIP investments are valued and a unit value calculated based on the aggregate number of units assigned to each LTIP fund. The unit value calculation also takes into account earnings, investment expenses and fees. New LTIP funds and additions/withdrawals from established funds are processed at the end of each month. Additions will be allocated units only with the addition of cash. Non-marketable gifts will be liquidated first,

and units allocated based on cash proceeds. Withdrawals may be made only from invadable funds upon the written request of the applicable dean or vice president.

2. Notwithstanding the foregoing, the president, provost and senior vice president for business and finance, in consultation with the chair of the Finance Committee of the Board of Trustees, may direct that certain LTIP funds that are transferred to the LTIP from operating funds as further described in Section ll(E)(3)(b), up to a maximum amount of $100 million, be invested at their discretion in compliance with this policy, other than the Asset Allocation and Rebalancing and Benchmarks provisions and as expressly set forth in this paragraph. Such LTIP funds will not be allocated units in the LTIP and any investments made using such funds will not be included in the unit value calculation referred to above. Such LTIP funds will constitute a separate component fund of the LTIP and will receive distributions in the amount of and only to the extent of distributions on the underlying investments made using such funds. Investment expenses and fees will be assessed on such funds to the extent applicable.

H. Exercise of shareholder rights
   1. The university recognizes that publicly traded securities and other assets of the LTIP may include certain ancillary rights, such as the right to vote on shareholder resolutions at companies' shareholders' meetings, and the right to assert claims in securities class action lawsuits or other litigation. The university requires of itself and its external managers the prudent management of these LTIP assets for the exclusive purpose of enhancing the value of the LTIP. The chief investment officer has the authority to delegate proxy voting to external managers to maximize fund value, reserving the right to direct the voting on specific issues as needed. The chief investment officer will make best efforts to implement this policy in a socially and environmentally responsible manner.

I. Review and modification of investment policy statement
   1. This LTIP Investment Policy is in effect until modified by the Board of Trustees.While material changes are expected infrequently, the chief investment officer will review the LTIP Investment Policy at least annually for continued appropriateness and recommend any changes to the senior vice president for business and finance. Based on such recommendations by the chief investment officer, the senior vice president for business and finance may recommend such changes to the Finance Committee. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

J. Exceptions
   1. Modifications and exceptions to this LTIP Investment Policy must be authorized by resolution of the Board of Trustees or as provided herein. The terms and conditions of this LTIP Investment Policy as to endowment funds may be waived to accept and administer donated funds or property with donor restrictions and approved by the Board of Trustees.
   2. To meet its fiduciary responsibility to its academic programs and its donors, the university seeks to maximize its investment returns within appropriate levels of risk under guidelines established by the Board of Trustees as granted by the Ohio Revised Code. As a public institution, the university also recognizes a duty to support larger societal objectives as well.
   3. Divestment for non-economic reasons should be recommended through the governance process, i.e. student government, University Senate, or an appropriate committee or decision-making body. That recommendation must be brought forward for a vote by the Board of Trustees, accompanied by an impact review report from the senior vice president for business and finance regarding the potential impact of the proposed divestment on the LTIP.

K. Conflicts of interest
   1. It is critical that there be no conflicts of interest or perceptions of conflicts of interest when making investment decisions related to the management of the LTIP. Therefore, if a member of the Board of Trustees, Finance Committee or the OSU Foundation Board is connected to an investment firm, the university will not invest in any funds managed by that firm. In addition, no employee of the Office of Investments will invest her/his personal monies in funds in which the LTIP is invested.

Investment, 5.90

University Policy

THE OHIO STATE UNIVERSITY

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

III. Operating and agency funds portfolio

A. Goals

The operating and agency funds (operating funds) will be invested in diversified portfolios with the intention of obtaining a reasonable yield, balanced with a component invested for appreciation, while adhering to a prudent level of risk, and retaining sufficient liquidity to meet cash flow requirements of the university. Certain of the agency portfolios may have additional goals and policies specific to their use. These goals and policies will be in writing and approved by the senior vice president for business and finance.

B. Components of the operating and agency funds

The funds consist of the short-term operating fund, gift annuity and trust funds, student loan funds, and other non-LTIP funds which are under the control and supervision of the vice president and treasurer. The short-term operating fund consists of two pools: the short-term pool and the intermediate-term pool, as described below.

C. Fiduciary standards

1. The Board of Trustees, Finance Committee members, staff, investment managers, consultants and custodians are fiduciaries. Accordingly, these individuals are required to:
   a. Act solely in the interest of the university, for the purposes of providing income and preserving principal.
   b. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
   c. Diversify the investments of the operating funds to minimize overall risk, and to provide investment returns to achieve the operating funds' stated goals.

D. Duties and responsibilities

1. Board of Trustees. The university Board of Trustees has overall responsibility for this Operating and Agency Funds Investment Policy and approval of Finance Committee members. The Board of Trustees votes on items brought forth by the Finance Committee.
2. Finance Committee of the Board of Trustees. The Finance Committee has strategic oversight responsibility for the investment program and operations of the funds. The Committee must work with the senior vice president for business and finance and the vice president and treasurer to ensure the operating funds are managed, in accordance with this Operating and Agency Funds Investment Policy. The Finance Committee must meet at least quarterly.
3. Senior vice president for business and finance. The senior vice president for business and finance has oversight responsibility for the operating funds' investment operations and reporting. The senior vice president for business and finance must review operations and reporting within the Office of the Treasurer to ensure compliance with established policies and procedures.
4. Vice president and treasurer. The vice president and treasurer is responsible for managing the operating funds' investment operations and reporting. The vice president and treasurer must review and recommend policies and procedures that are consistent with the investment objectives of the funds. The vice president and treasurer must report to the senior vice president for business and finance and the Finance Committee at least quarterly.
5. Investment Managers. The university uses external investment managers approved by the vice president and treasurer and the senior vice president for business and finance to provide portfolio management services. The investment managers may be given discretion, consistent with specified objectives and guidelines, to manage assets of the operating funds. Investment managers operate under a formal contract with the university that delineates responsibilities, risk parameters administrative requirements and compensation. The Investment Management contracts may be terminated by the vice president and treasurer and/or the senior vice president for business and finance.
6. Consultants. The university may use the services of one or more investment consultants to assist the vice president and treasurer in the areas of: policy development, asset allocation, investment structure analysis, investment manager selection, risk parameters, performance review and other specialized investment

topics. Consultants operate under a formal contract with the university that delineates responsibilities, and performance expectations, administration requirements and compensation. Consulting contracts may be entered into and terminated by the vice president and treasurer and/or the senior vice president for business and finance.

7. Custodians. The university retains one or more custodian banks or trust institutions to custody and report on the assets of the funds. Custodial contracts may be entered into and terminated by the vice president and treasurer and/or the senior vice president for business and finance.

E. Asset allocation and guidelines
   1. Time Horizon. The university's Short-Term Operating Fund is divided into two pools: Short-Term Pool, which represents at least thirty days of total university expenditures, and has an investment horizon of less than one year; and the Intermediate- Term Pool, which represents the remainder of the Short-Term Operating Fund and has an investment horizon of one to five years.
   2. Risk Tolerance. The Board of Trustees, the Finance Committee, and staff recognize the challenge of achieving the operating funds' investment objectives in light of the uncertainties and complexities of investment markets. They also recognize that prudent levels of investment risk are necessary to achieve the stated investment goals.
   3. Asset Allocation and Rebalancing. Asset allocation is thought to be the largest contributor to overall return performance and risk characteristics of the operating funds. The Short-Term Operating Fund serves as the working cash balance to provide necessary liquidity for the university's operations. The Board of Trustees and Finance Committee will periodically evaluate the allocation between the LTIP and the Short-Term Operating Fund for appropriateness.
   4. Market fluctuations, cash flows and liquidity issues will cause the actual asset allocations to fluctuate. The vice president and treasurer will rebalance the portfolio to policy as follows:
      a. Short- and Intermediate-Term Pools. The Short-Term Pool must cover at least thirty (30) days of university cash flow. At least 25% of the Short-Term Operating Fund should be in the Short-Term Pool, as a reserve, in accordance with Section G below. The amount of the Short-Term Operating Fund must be enough to cover at least sixty days cash flow and must be greater than or equal to 110% of all variable rate debt including commercial paper.
      b. LTIP. After the amount of each of the Short- and Intermediate-Term Pools is determined, monies may be transferred to the LTIP. Operating funds available for transfer to the LTIP should be net of bond construction funds. No more than 60% of operating funds may be transferred to the LTIP.
      c. General. The allocation amounts will be reviewed periodically by the vice president and treasurer but at least semi-annually. The number used to calculate days of university cash flow will be based on the Board of Trustees approved university budget.
      d. Other Funds. Operating funds other than the Short-Term Operating Fund will be managed according to this Operating and Agency Funds Investment Policy with asset allocations approved by the vice president and treasurer.
   5. Investment Manager Guidelines. The investment guidelines incorporated into each manager's contract documents the risk parameters of the manager's investment approach. The guidelines also specify the typical characteristics of the portfolio. These characteristics are used to monitor a manager's investment style adherence to insure that the manager is continuously fulfilling its investment role in the operating funds.
   6. Benchmarks. The Board of Trustees is responsible for approving performance benchmarks to evaluate the performance of the operating funds portfolio. The vice president and treasurer will review the benchmarks annually and recommend changes, if any, to the senior vice president for business and finance. Based on such recommendations by the vice president and treasurer, the senior vice president for business and finance may recommend to the Finance Committee changes to the benchmarks. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

F. Investment monitoring process
   1. The operating funds' investment managers will be monitored for consistency of investment philosophy, return relative to objectives, and investment risk. The vice president and treasurer and the senior vice president for business and finance will monitor the overall results and investment portfolios of the operating funds, but results will be evaluated on a long-term basis. The following manager issues will be considered potential causes for termination:
      a. failure to comply with the applicable investment style, guidelines, performance objectives, and fees;
      b. a material change in ownership or personnel; or
      c. a violation or potential violation of the terms of the investment manager agreement or other applicable laws and regulations.

G. Operating fund limitations
Ohio Revised Code Section 3345.05(c)(i) requires that investment of at least twenty-five percent of the average amount of the operating funds portfolio over the course of the previous fiscal year be invested in securities of the United States government or of its agencies or instrumentalities, the treasurer of state's pooled investment program, obligations of this state or any political subdivision of this state, certificates of deposit of any national bank located in this state, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system, as a reserve. Eligible funds above the funds that meet the foregoing condition may be pooled with other university funds, including LTIP, and invested in accordance with Ohio Revised Code Section 1715.52.

H. Exercise of shareholders rights
The university recognizes that publicly traded securities and other assets of the Fund may include certain ancillary rights, such as the right to vote on shareholder resolutions at companies' shareholders' meetings, and the right to assert claims in securities class action lawsuits or other litigation. The university requires of itself and its external managers the prudent management of these assets for the exclusive purpose of enhancing the value of the operating funds. The vice president and treasurer has the authority to delegate proxy voting to external managers to maximize fund value, reserving the right to direct the voting on specific issues as needed. The vice president and treasurer will make best efforts to implement this policy in a socially and environmentally responsible manner.

I. Review and modification of investment policy statement
This Operating and Agency Funds Investment Policy is in effect until modified by the Board of Trustees. While material changes are expected infrequently, the vice president and treasurer will review this Operating and Agency Funds Investment Policy at least annually for continued appropriateness and recommend any changes to the senior vice president for business and finance. Based on such recommendations by the vice president and treasurer, the senior vice president for business and finance may recommend such changes to the Finance Committee. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

J. Exceptions
Modifications and exceptions to this Operating and Agency Funds Investment Policy must be authorized by resolution of the Board of Trustees or as provided herein. The terms and conditions of this Operating and Agency Funds Investment Policy may be waived to accept and administer donated funds or property with donor restrictions and approved by the Board of Trustees.

K. Conflicts of interest
It is critical that there be no conflicts of interest or perceptions of conflicts of interest when making investment decisions related to the management of the operating funds. Therefore, if a member of the Board of Trustees, Finance Committee, or the OSU Foundation Board is connected to an investment firm, the university will not invest in any funds managed by that firm. In addition, no employee of the Office of the Treasurer involved

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

with investments will invest her/his personal monies in funds in which the operating funds are invested.

Responsibilities

Position or Office	Responsibilities
Board of Trustees (BOT)	1. Assume overall responsibility for the Investment policy. 2. Evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan periodically. 3. Approve performance benchmarks to evaluate the LTIP portfolio. 4. Authorize modifications and exceptions to the LTIP policy. 5. Approve changes to the divestment policy. 6. Evaluate the allocation between the LTIP and short-term operating fund for appropriateness periodically.
Fiduciaries (BOT, Finance Committee members, staff, investment managers, consultants and custodians)	1. Act solely in the interest of the university, for the purposes of providing income and maintaining the real purchasing power of the principal. 2. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. 3. Diversify the investments of the LTIP and operating funds to minimize overall risk, and to provide investment returns to achieve the LTIP's and operating funds' stated goals.
Finance Committee	1. Provide strategic oversight for the investment program, the funds, and LTIP operations. 2. Work with the SVP-B&F to ensure the LTIP is well managed. 3. Work with the SVP-B&F and VP/treasurer to ensure the operating funds are managed consistent with this policy. 4. Meet at least quarterly. 5. Evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan periodically. 6. Approve changes to LTIP performance benchmarks to bring to the BOT for a vote. 7. Review and approve changes to the LTIP policy; bring to the BOT for a vote. 8. Evaluate the allocation between the LTIP and short-term operating fund for appropriateness periodically.
Senior VP for Business and Finance (SVP-B&F)	1. Provide oversight for the LTIP and operating funds investment operations and reporting. 2. Review operations and reporting in the Office of Investments to ensure compliance with established policies and procedures. 3. Review operations and reporting in the Office of the Treasurer to ensure compliance with established policies and procedures. 4. Terminate investment management contracts as appropriate. 5. Enter into and terminate consulting and custodial contracts as appropriate. 6. Recommend changes to LTIP performance benchmarks to the Finance Committee as needed. 7. Recommend changes to the LTIP investment policy to the Finance Committee based upon recommendations by the chief investment officer. 8. Approve agency portfolio goals and policies as described in "Operating and agency funds portfolio-A-Goals."
Chief investment officer	1. Manage the LTIP investment operations and reporting. 2. Review and recommend policies and procedures consistent with the investment objectives. 3. Report to the SVP-B&F and the Finance Committee at least quarterly. 4. Terminate investment management contracts as appropriate. 5. Enter into and terminate consulting and custodial contracts as appropriate. 6. Review LTIP performance benchmarks and recommend changes, if any, annually to the SVP-B&F. 7. Consider termination of LTIP investment managers and consultants based on criteria outlined in this policy. 8. Delegate proxy voting as appropriate. 9. Make best efforts to implement the investment policy in a socially and environmentally responsible manner 10. Review the LTIP investment policy at least annual and recommend changes to the SVP-B&F. 11. Refrain from investing in any funds managed by an investment firm to which a member of the Board of Trustees, Finance Committee, or OSU Foundation Board is connected. 12. Invest in diversified portfolios as described in this policy.

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to:

Position or Office	Responsibilities
Office of Investments	Monitor the overall LTIP results and investment portfolios.
Vice president and treasurer (VP/treasurer)	1. Manage the operating funds investment operations and reporting. 2. Review and recommend policies and procedures consistent with the investment objectives. 3. Report to the SVP-B&F and the Finance Committee at least quarterly.
Office of Investments employees	Refrain from investing personal monies in funds in which the LTIP is invested.
Dean/VP	Make written requests for withdrawals from invadable funds as appropriate.
President, provost, SVP-V&F, Finance Committee char	Consult to invest LTIP funds as directed in “Account valuation #2.”

Resources

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions	Office of Business and Finance	614-292-7970 TTY: 614-292-7327	busfin@osu.edu busfin.osu.edu/
Investment questions	Office of Business and Finance, Office of Investment	614-292-7887	prospects@osu.edu busfin.osu.edu/investments

History

Investments

Issued:	09/04/1981	Approved by BOT, 09/04/1981, Resolution #82-24
Revised:	06/07/1985	Approved by BOT, 06/07/1985, Resolution #85-147
Revised:	04/07/1989	Approved by BOT, 04/07/1989, Resolution #89-91
Revised:	06/01/1990	Approved by BOT, 06/01/1990, Resolution #90-125 (Revision of Comprehensive, Endowment and Non-endowment policy)
Revised:	11/04/1994	Approved by BOT, 11/04/1994, Resolution #95-56
Revised:	03/03/1995	Approved by BOT, 03/03/1995, Resolution #95-93 (Revision of Endowment Fund Income Distribution” section)
Revised:	09/02/1998	Approved by BOT, 09/02/1998, Resolution #99-34 (Revision of Endowment Funds Investment, Total Return Operating Fund Investments, and Operating Funds Investments policies)

Endowment Fund Investments

Revised:	03/01/2002	Approved by BOT, 03/01/2002, Resolution #2002-93
Revised:	07/11/2003	Approved by BOT, 07/11/2003, Resolution #2004-16
Revised:	11/03/2006	Approved by BOT, 11/03/2006, Resolution #2007-55
Revised:	12/07/2007	Approved by BOT, 12/07/2007, Resolution #2008-71
Revised:	06/06/2008	Approved by BOT, 06/06/2008, Resolution #2008-122, Renamed to Long-Term Investment Pool

Long-Term Investment Pool

Edited:	11/01/2008	
Revised:	04/03/2009	Approved by BOT, 04/03/2009, Resolution #2009-77, Revision of Distribution Policy section
	04/03/2009	Approved by BOT, 04/03/2009, Resolution #2009-78, Revision of Asset Allocation and Guidelines section)
Revised:	06/05/2009	Approved by BOT, 06/05/2009, Resolution #2009-94
Revised:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined with Operating and Agency Funds

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to:

		Investment, Policy 5.30 into Investment, Policy 5.90
Non-Endowment Investments		
Revised:	05/02/1997	Approved by BOT, 05/02/1997, Resolution #97-119
Revised:	12/05/1997	Approved by BOT, 12/05/1997, Resolution #98-79
Revised:	05/03/2002	Approved by BOT, 05/03/2002, Resolution #2002-124, Operating Fund Investment and Total Return Operating Fund Investment policies combined into Non-Endowment Investments policy
Revised:	07/11/2003	Approved by BOT, 07/11/2003, Resolution #2004-16, Revision of Authorized Investments section
Revised:	06/06/2008	Approved by BOT, 06/06/2008, Resolution #2008-123, Renamed to Operating and Agency Funds Investment
Operating and Agency Funds Investment		
Revised:	06/05/2009	Approved by BOT, 06/05/2009, Resolution #2009-98
Revised:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined with Long-Term Investment Pool, policy 6.10 into Investment, policy 5.90
Investment, policy 5.90		
Issued:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined Long-Term Investment Pool, policy 6.10 and Operating and Agency Funds Investment, policy 5.30 into Investment, policy 5.90
Revised:	07/01/2014	Approved by BOT, 08/29/2014, Resolution #2015-12
Revised:	07/01/2016	Approved by BOT, 04/08/2016, Resolution #2016-108
Revised:	06/03/2016	Approved by BOT, 06/03/2016, Resolution #2016-130